



Overstone Emerging Markets Equity Fund

February 2017 Newsletter 100

Oldfield Partners

Performance (USD terms)								
	February	2017 to date	2016	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+1.2%	+7.1%	+30.6%	+33.8%	+5.1%	+3.8%	+127.5%	+10.4%
MSCI Emerging Markets**	+3.1%	+8.7%	+11.2%	+29.5%	+1.4%	-0.4%	+99.9%	+8.7%

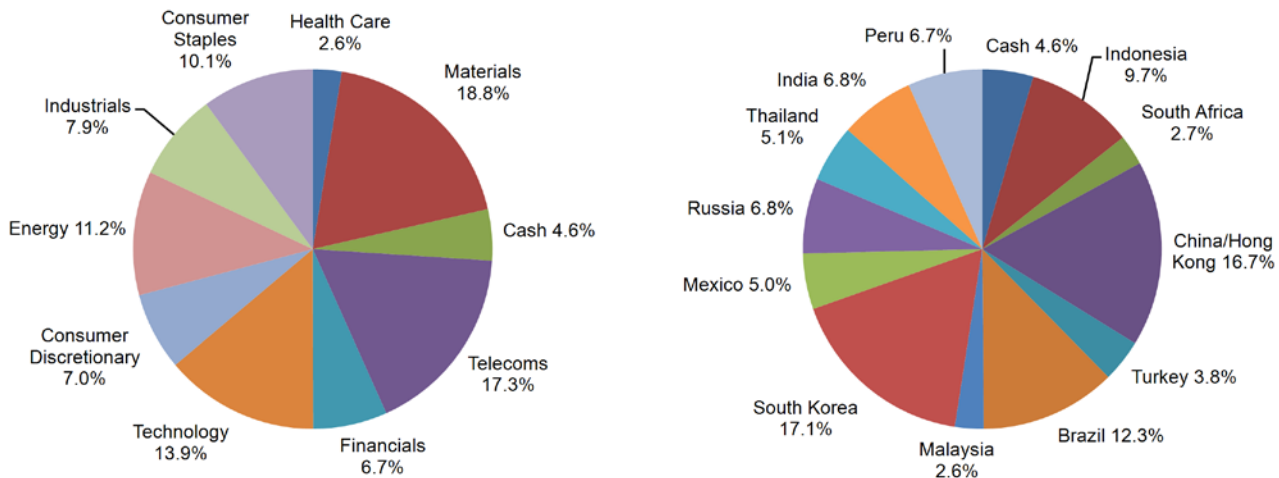
*A shares commenced on 3rd November 2008. **Net Dividends Reinvested. Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders. Source: Oldfield Partners, MSCI ©, Bloomberg and Northern Trust International Fund Administration Services (Ireland) Ltd.

Performance of Five Largest Holdings*

Stock	Portfolio Weighting*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
SK Telecom	8.7%	+5.2%	+5.2%
Samsung Electronics	8.5%	-1.3%	+0.8%
Embraer	7.9%	+0.9%	+0.9%
Lee & Man Paper	7.1%	+0.2%	+0.2%
Lukoil	6.8%	-5.6%	-5.6%

*As at end of period. **Total return inclusive of the portfolio activity. Source: Oldfield Partners and Bloomberg.

Sector and country breakdown as at 28th February 2017



Source: Oldfield Partners.

Commentary

It was an uneventful month. Emerging market equities have had a strong start to the year. Inflows to emerging market equities for the first two months of 2017 have eclipsed those for all of 2016. We remain comforted by the below historic average valuations of emerging market equities and by the 40% upside of the weighted average of our price targets in the portfolio.

Oldfield Partners

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The laggards during the month by contribution were Buenaventura and Lukoil. **Buenaventura** (Peruvian miner) was weak ahead of its fourth quarter results. The results after month end showed good cost control, positive contribution from the Cerro Verde copper mine expansion, and a useful addition to mineral reserves. **Lukoil** (Russian oil producer) saw the ruble continue to strengthen and the oil price remain flat in the month, but we would not read anything deeper into such short term moves.

The top performers for the month were Ternium, Thai Beverage, and Infosys. **Ternium** (Latin American steel producer) announced an acquisition of a high-end steel slab facility (CSA) in Brazil. This has a strong strategic rationale for Ternium, addressing its slab deficit and increasing exposure to Brazil, and was done at well below replacement cost. **Thai Beverage** (leading alcoholic beverage producer in Thailand) had first quarter results that showed the strength of the spirits and beer business. The mourning period following the death of the king saw weaker volumes, but was offset by cost control and notably by less marketing expense. **Infosys** (Indian IT services) has seen a dispute between the founders and the current management team regarding some behaviour of the management team. This looks to be a difference of opinion in the running of the company rather than a serious breach. More positive is that management have indicated a renewed interest in improving shareholder returns and in curbing any large acquisitions, and that the founders have agreed not to air their grievances in public first.

Contractual settlement

Investor subscriptions into the Fund have until now only been dealt on a Dealing Day once both a properly completed subscription form and monies were received. We have now changed the way the Fund operates to accept subscription monies on a contractual settlement basis, meaning that investors will be able to deal once the Fund Administrator has received a properly completed subscription form by 2.00 p.m. (Irish time) on the Dealing day and subscription monies can follow in immediately available funds (in any currency) on or before the third Business Day following the relevant Dealing Day (T+3 settlement). Shares shall continue to be issued on or with effect from the Dealing Day on the basis of the applicable Net Asset Value per share.

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Fund & Performance Summary

28 th February 2017								
NAV of fund	US\$ 220.2m							
A shares unit price	US\$ 212.68							
I shares unit price	US\$ 133.84							
A USD hedged shares unit price	US\$ 101.12							
A GBP hedged shares unit price	£ 100.40							
Performance								
	February	2017 to date	2016	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+1.2%	+7.1%	+30.6%	+33.8%	+5.1%	+3.8%	+127.5%	+10.4%
MSCI EM**	+3.1%	+8.7%	+11.2%	+29.5%	+1.4%	-0.4%	+99.9%	+8.7%
I Shares*	+1.3%	+7.2%	+31.1%	+34.3%	+5.5%	+4.2%	+46.0%	+5.2%
MSCI EM**	+3.1%	+8.7%	+11.2%	+29.5%	+1.4%	-0.4%	+21.9%	+2.7%
A USD Hedged Shares*	-0.4%	+3.5%	-2.0%	-	-	-	+1.4%	-
MSCI EM Hedged**	+1.5%	+5.4%	-2.5%	-	-	-	+2.8%	-
A GBP Hedged Shares*	-0.5%	+3.5%	-2.7%	-	-	-	+0.7%	-
MSCI EM Hedged**	+1.5%	+5.2%	-2.6%	-	-	-	+2.5%	-

*A shares commenced on 3rd November 2008, I shares on 1st October 2009, A US\$ and GBP hedged shares commenced on 31st October 2016. **Emerging Markets (Net Dividends Reinvested). Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders. Source: Oldfield Partners, MSCI ©, Bloomberg and Northern Trust International Fund Administration Services (Ireland) Ltd.

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Fund and share class information as at 28th February 2017

Share class	Class Currency	Management Fees	TER	Sedol	Bloomberg Ticker	ISIN
A	USD	1.25%	1.47%	B3DDVH0	OVEMKEA	IE00B3DDVH01
I	USD	0.90%	1.12%	B4N0BT0	OVEMKEI	IE00B4N0BT09
A USD Hedged	USD	1.25%	1.52%	BZBVR05	OVEMAUH	IE00BZBVR050
A GBP Hedged	GBP	1.25%	1.52%	BD3WG94	OVEMAGH	IE00BD3WG942

Fund Currency	USD	Administrator	Northern Trust International Fund Administration Services (Ireland) Ltd
Liquidity	Daily dealing	Custodian	Northern Trust Fiduciary Services (Ireland) Ltd
Benchmark	MSCI Emerging Markets (Net Dividends Reinvested) and MSCI Emerging Markets (Net Dividends Reinvested) Hedged	Auditor	Deloitte
Minimum Investment	The equivalent of €100,000	Legal Advisers	Arthur Cox
Investment Manager	Oldfield Partners LLP		

Overstone Emerging Markets Equity Fund is a sub-fund of Overstone Fund plc, which is incorporated in Ireland and approved by the Central Bank of Ireland. Three other sub-funds exist under the Overstone Fund plc umbrella; Overstone Global Equity Fund was launched on 1st June 2005, Overstone Opportunity Multi Fund was launched on 1st November 2005 and Overstone Global ex US Equity Fund was launched on 1st June 2006.

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